

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 FRB-01 IO-13 EB-08 CIAE-00 DODE-00

INR-07 NSAE-00 PA-02 USIA-15 PRS-01 SP-02 NSC-05

AF-08 ARA-10 EUR-12 NEA-10 FEA-01 H-02 L-03

AID-05 SS-15 STR-04 OMB-01 CEA-01 COME-00 XMB-04

OPIC-06 LAB-04 SIL-01 /151 W

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 6810

TREASURY DEPT WASHDC

UNCLAS TOKYO 5093

PASS FEDERAL RESERVE BOARD

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJECT: WITTEVEEN VISIT TO TOKYO

REF: TOKYO 4335

1. SUMMARY: GOVT OF JAPAN AGREES TO STUDY IMF EXPANSION PROPOSALS OF INTERNATIONAL MONETARY FUND (IMF) MANAGING DIRECTOR WITTEVEEN; SETS CONDITIONS INCLUDING STRONGER JAPANESE VOICE IN IMF. END SUMMARY.

2. VISIT TO TOKYO OF IMF MANAGING DIRECTOR WITTEVEEN EARLIER THIS WEEK RECEIVED A FAIR AMOUNT OF ATTENTION IN THEPRESS, MAIN THREADS OF WHICH ARE SUMMARIZED IN FOLLOWING PARAGRAPHS. WITTEVEEN MET FIRST WITH MINISTRY OF FINANCE (MOF) VICE MINISTER FOR INTERNATIONAL AFFAIRS MATSUKAWA AND INTERNATIONAL FINANCE BUREAU DIRECTOR GENERAL FUJIOKA, TO WHOM WITTEVEEN EXPLAINED HIS PROPOSALS IN DETAIL. SUBSEQUENTLY, HE MET WITH PRIME MINISTER FUKUDA, FINANCE MINISTER BOH, AND BANK OF JAPAN (BOJ) GOVERNOR MORINAGA, UNCLASSIFIED

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TO GET THEIR CONSIDERED REACTIONS.

3. PRESS REPORTS OF CONVERSATIONS WITH ALL OF FOREGOING INDICATE GOVERNMENT OF JAPAN AGREED TO STUDY WITTEVEEN PROPOSALS. WHILE TRANSLATIONS OF STATEMENTS ON OUTCOME OF MEETINGS VARY AS TO JUST HOW FORTHCOMING THIS COMMITMENT WAS BRIEF REPORTING OF MEETING WITH FUKUDA

SUGGESTS PRIME MINISTER EMPHASIZED NEED FOR THOROUGH DISCUSSIONS OF PROPOSALS. PRESS REPORTS EVEN BEFORE THE WITTEVEEN MEETINGS SUGGESTED THAT HIS PROPOSALS WOULD COME UP NOT ONLY AT IMF INTERIM COMMITTEE MEETING IN APRIL BUT AT LONDON SUMMIT. IN HIS PRESS CONFERENCE FOLLOWING HIS MEETING WITH WITTEVEEN, MORINAGA DECLINED TO SPECULATE ON WHETHER WITTEVENPROPOSALS COULD BE APPROVED AT APRIL MEETING.

4. PRESS REPORTS MAKE FREQUENT REFERENCES TO CONDITIONS JAPAN SET FOR STUDY OF WITTEVEEN PROPOSALS. COMMON THEME OF MOST REPORTS IS THAT GOVT OF JAPAN IN MEETINGS WITH WITTEVEEN STRESSED IMPORTANCE IT ATTACHES TO ENHANCED JAPANESE VOICE IN IMF. BEFORE THE WITTEVEEN MEETINGS, REPORTS BEGAN TO CIRCULATE THAT UPCOMING TALKS ON SEVENTH GENERAL INCREASE IN IMF QUOTAS WOULD PROVIDE THE OPPORTUNITY FOR JAPAN TO ACHIEVE THIS OBJECTIVE. GREATER VOICE FOR JAPAN IS DESCRIBED IN PRESS IN GENERAL WAY AS COROLLARY OF GROWING JAPANESE FINANCIAL ROLE IN INTL FINANCIAL ORGANIZATIONS; BUT HARSHER FORMULATIONS IN DIET ARE ALSO MENTIONED. FOR EXAMPLE, ONE REPORT STATES THAT JAPAN AGREED TO EXTEND FINANCIAL ASSISTANCE TO U.K. THROUGH THE IMF/GAB ON THE CONDITION THAT THE U.K. REMAIN FIRMLY COMMITTED TO FREE TRADE AND ASSERTS THAT U.K. HAS NEVERTHELESS BEEN THE MOST RESTRICTIVE OF THE EC COUNTRIES VIS A VIS JAPAN IN TRADE MATTERS, THUS "PROVING" JAPANS WEAK VOICE. IN THIS CONTEXT, KOMEITO (CLEAN GOVERNMENT PARTY) DIETMAN IS QUOTED AS SAYING IN LOWER HOUSE BUDGET COMMITTEE THAT "IT IS HARDLY ACCEPTABLE FOR JAPAN TO BE ANSWERED WITH PROTECTIONIST MEASURES IN EXCHANGE FOR ITS FINANCIAL UNCLASSIFIED

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ASSISTANCE."

5. REFTEL FOCUSES IN SOME DETAIL ON EARLIER PRESS REPORT OF DIFFICULTIES GOVT OF JAPAN WOULD HAVE WITH WITTEVEEN PROPOSALS IF THEY WERE AIMED AT BAILING OUT U.S. COMMERCIAL BANKS. WHILE THIS THEME WAS AGAIN ECHOED IN SOME STATEMENTS SUBSEQUENT TO THE MEETINGS WITH WITTEVEEN (ALTHOUGH NOT IN REPORTS OF MEETING WITH PRIME MINISTER), THESE SAME STATEMENTS ALSO SUGGESTED THAT WITTEVEEN EASED CONCERNS BY INDICATING THAT BORROWERS FROM THE PROPOSED NEW FACILITY WOULD NOT BE PERMITTED TO USE PROCEEDS FOR DEBT REPAYMENT. MORINAGA IS REPORTED AS HAVING SAID THIS SPECIFICALLY AT HIS PRESS CONFERENCE BEFORE GOING ON TO SAY THAT HE NOW BELIEVED THAT THE PRINCIPAL MOTIVATION BEHIND THE WITTEVEEN PROPOSALS WAS THAT IT HAD BECOME IMPOSSIBLE TO HELP DEVELOPING NATIONS CARRY ON BRACKETS JUST BRACKETS THROUGH INTERNATIONAL PRIVATE LENDING. SHOESMITH

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Message Attributes

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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
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Executive Order: N/A
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